

MOTION BY SUPERVISOR SHEILA KUEHL

September 15, 2015

On July 21, 2015, the Board of Supervisors (Board) adopted a Countywide Minimum Wage, affecting all private employers for work performed in the unincorporated areas of the County of Los Angeles. The Board, recognizing the City of Los Angeles' recent adoption of a similar minimum wage level and timeline, made a policy declaration that income inequality is a substantial economic and social issue facing the County and took corresponding actions.

The current minimum wage, set by the State of California, is \$9.00 per hour. On January 1, 2016, the statewide minimum wage will rise to \$10.00 per hour. The County's first minimum wage increase, to \$10.50 per hour, is scheduled to take effect on July 1, 2016, with subsequent increases on July 1 of 2017, 2018 and 2019, before reaching \$15.00 on July 1, 2020. Private employers with fewer than 26 employees will have one additional year to reach each wage level. Countywide minimum wage levels will be adjusted once per year, starting on July 1, 2022, based on a calculation of the Consumer Price Index. On July 21, 2015, the Board further directed County Counsel to

MOTION

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submit, within 45 days, an ordinance to implement a Countywide Minimum Wage.

County Counsel has drafted and submitted the requested ordinance, which is scheduled for consideration during the September 15, 2015, Board of Supervisors meeting. Since the Board's initial action, however, staff has identified three necessary technical corrections to the Minimum Wage Ordinance submitted as Agenda Item #9 on the July 21, 2015 Board Agenda:

1. Consumer Price Index. To ensure consistency of wages between the City of Los Angeles and the County unincorporated areas, the Board adopted the City of Los Angeles' original measure of the Consumer Price Index (CPI), based on average changes to CPI "over the previous 20 years." The City of Los Angeles has since updated its CPI measure to reflect a single year of CPI changes, based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
2. Wage Level of July 1, 2020. The July 21, 2015, Minimum Wage Motion included an incorrect wage level of \$14.00 per hour for employees of small firms (of under 26 employees), as of July 1, 2020. The correct wage level is \$14.25 per hour.
3. Minimum Wage for County Vendors. The Countywide Minimum Wage will apply to County vendors, for work performed by their employees within the unincorporated areas of the County of Los Angeles. The Board Action of July 21, 2015, did not include instructions on the process and timing by which to implement new wages in existing and/or new County contracts.

**I, THEREFORE MOVE** that the Board of Supervisors adopt the following amendments, reflected in the attached Exhibit A, to the Countywide Minimum Wage Implementing Ordinance:

A. Consumer Price Index.

The adopted CPI language:

3. Beginning July 1, 2022, the minimum wage will increase annually based on the average Consumer Price Index over the previous 20 years. This rate will be determined by the CEO and will be announced on January 1<sup>st</sup> of every year.

Shall be replaced with:

3. Beginning on July 1, 2022, the minimum wage shall increase annually based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles metropolitan area (Los Angeles-Riverside-Orange County, CA), which is published by the Bureau of Labor Statistics. Beginning in 2022, and continuing each year thereafter, on January 1 the CEO shall determine the adjusted rates which shall take effect on July 1 of that year and publish a bulletin announcing the adjusted rates.

B. Wage Level of July 1, 2020. The minimum wage for Employers with 25 or fewer Employees shall be adjusted as follows:

2. Employers with twenty-five (25) or fewer Employees shall pay Employees a wage of no less than the following hourly rates:
  - a. On July 1, 2017, the hourly wage shall be \$10.50;

- b. On July 1, 2018, the hourly wage shall be \$12.00;
- c. On July 1, 2019, the hourly wage shall be \$13.25;
- d. On July 1, 2020, the hourly wage shall be \$14.25 (~~\$14.00~~);
- e. On July 1, 2021, the hourly wage shall be \$15.00.

C. Minimum Wage for County Vendors. The Board shall adopt a new Subsection C to Section 8.100.100 of the Los Angeles County Code, as reflected below, that reflects a contract and wage implementation timeline for County Vendors, excluding Prop A and Cafeteria Services vendors, to compensate Employees for work performed within the unincorporated areas of the County of Los Angeles. Updated minimum wage levels shall be incorporated into contracts at the time of major contract amendments and upon entering into new contracts for services.

Section 8.100.100, Subsection C:

8.100.100 Exemptions

The following persons and entities are exempt from the Los Angeles County Minimum Wage Ordinance:

A. ...

B. ...

C. Employees, when performing work in the unincorporated areas of the County pursuant to or required by an existing County contract between the Employee's Employer and the County. For purposes of this Section, "existing County contract" means a written, valid, binding, and enforceable agreement, between the County and an Employer, that is in

effect as of June 30, 2016. This exemption shall not apply to an Employee when performing work pursuant to or required by: (1) an existing County contract if the Board approves an amendment to the existing County contract on or after July 1, 2016; or (2) any contract, between an Employer and the County, approved by the Board on or after July 1, 2016.



COUNTY OF LOS ANGELES  
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MARY C. WICKHAM  
Interim County Counsel

September 9, 2015

Honorable Sheila Kuehl  
Supervisor, Third District  
821 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

**Re: Ordinance Amending Title 8 – Consumer Protection and  
Business Regulations, of the Los Angeles County Code**

Dear Supervisor Kuehl:

This is in response to your request for an ordinance that amends the minimum wage ordinance proposed at your Board's July 21, 2015, meeting by changing the consumer price index and the hourly rate for employers with 25 or fewer employees shall pay employees in 2020, as well as clarifying the application of the minimum wage ordinance to County contractors. Enclosed please find for your consideration, the analysis and ordinance adding Chapter 8.100 to Title 8 – Consumer Protection and Business Regulations, of the Los Angeles County Code to establish a minimum wage for work performed in the unincorporated areas of the County of Los Angeles.


Very truly yours,

MARY C. WICKHAM  
Interim County Counsel

By 

MICHAEL S. BUENNAGEL  
Senior Associate County Counsel  
Government Services Division

APPROVED AND RELEASED:

  
LESTER J. TOLNAI  
Acting Chief Deputy

MSB:bk  
Enclosures

c: Sachi A. Hamai, Interim Chief Executive Officer  
Patrick Ogawa, Acting Executive Officer, Board of Supervisors

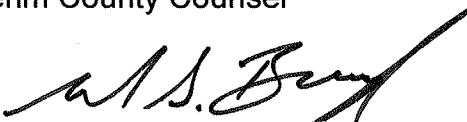
### ANALYSIS

This Ordinance amends Title 8 – Consumer Protection and Business Regulations, of the Los Angeles County Code relating to the minimum wage to be paid for work performed within the unincorporated areas of the County of Los Angeles by:

- Amending the title of Title 8 to read Consumer Protection, Business and Wage Regulations;
- Adding Division 4 to Title 8 for wage regulations;
- Adding Chapter 8.100 to Division 4 to establish a minimum wage for the County of Los Angeles; and
- Adding Sections 8.100.010 through 8.100.100 to: (1) provide findings of the Board of Supervisors relating to the need for a minimum wage; (2) define employees and employers that are subject to the minimum wage Ordinance; and (3) establish the minimum wage rate employers are to pay to qualifying employees.

MARY C. WICKHAM  
Interim County Counsel

By



MICHAEL S. BUENNAGEL  
Senior Associate County Counsel  
Government Services Division

MSB:bk

Requested: 8/05/2015  
Revised: 9/09/2015

**ORDINANCE NO. \_\_\_\_\_**

An Ordinance amending Title 8 – Consumer Protection and Business Regulations, of the Los Angeles County Code, relating to the minimum wage to be paid for work performed within the unincorporated areas of the County of Los Angeles.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Title 8 is hereby amended to read as follows:

**Title 8      Consumer Protection, and Business and Wage Regulations.**

**SECTION 2.** Division 4 is hereby added to read as follows:

**Division 4 – Wage Regulations.**

**SECTION 3.** Chapter 8.100 is hereby added to read as follows:

**Chapter 8.100      Minimum Wage.**

**8.100.010      Short Title.**

**8.100.020      Findings.**

**8.100.030      Definitions.**

**8.100.040      Minimum Wage.**

**8.100.050      Retaliatory Action Prohibited.**

**8.100.060      No Waiver of Rights.**

**8.100.070      Conflict With Other Laws; Severability; Savings Clause.**

**8.100.080      Implementation.**

**8.100.090      Coexistence With Other Available Relief.**

**8.100.100      Exemptions.**



**8.100.010 Short Title.**

The Ordinance codified in this Chapter shall be known as the "Los Angeles County Minimum Wage Ordinance."

**8.100.020 Findings.**

The Board of Supervisors finds that, as of 2015, twenty seven percent (27%) of the overall population of the County of Los Angeles is living in poverty, which is defined by the California Poverty Measure as an annual household income of less than \$30,785 for a family of four. Many impoverished residents, despite working full-time, earn too little to cover bare necessities such as safe housing, healthy food, adequate clothing, and basic medical care. With each year, the cost of living in the County rises while real wages for the lowest income County residents stagnate or fail to keep pace.

The Board also finds that income inequality is a substantial economic and social issue facing the County. Low-income workers often rely on the County as a provider of social support services. When employees do not receive a sufficient wage for their labor, the community and taxpayers bear associated costs in the form of increased demand for taxpayer-funded services, including emergency medical services, homeless shelters, and other social services and community-based services. Therefore, the County has an interest in promoting an employment environment in unincorporated areas that protects government resources while promoting the health, safety, and welfare of workers by ensuring they receive a reasonable wage for the work they perform.

**8.100.030 Definitions.**

The general definitions contained in Chapter 2.02 shall be applicable to this Chapter unless inconsistent with the following definitions:

- A. "Chief Executive Officer" or "CEO" means the Chief Executive Officer of the County of Los Angeles.
- B. "County" means the County of Los Angeles.
- C. "Employee" means any individual who:
  - 1. In a particular week performs at least two hours of work within the unincorporated areas of the County for an Employer; and
  - 2. Qualifies as an Employee entitled to payment of a minimum wage from any Employer under the California minimum wage law, as provided under section 1197 of the California Labor Code and wage orders published by the California Industrial Welfare Commission.
- D. "Employer" means any person, as defined in section 18 of the California Labor Code, including a corporate officer or executive, who directly or indirectly or through an agent or any other person, including through the services of a temporary service or staffing agency or similar entity, employs or exercises control over the wages, hours, or working conditions of any employee.

**8.100.040 Minimum Wage.**

- A. For each hour worked within the unincorporated areas of the County, an Employer shall pay its Employee no less than the hourly rates set forth below:

1. Employers with twenty-six (26) or more Employees shall pay Employees a wage of no less than the following hourly rates:

- a. On July 1, 2016, the hourly wage shall be \$10.50;
- b. On July 1, 2017, the hourly wage shall be \$12.00;
- c. On July 1, 2018, the hourly wage shall be \$13.25;
- d. On July 1, 2019, the hourly wage shall be \$14.25;
- e. On July 1, 2020, the hourly wage shall be \$15.00.

2. Employers with twenty-five (25) or fewer Employees shall pay Employees a wage of no less than the following hourly rates:

- a. On July 1, 2017, the hourly wage shall be \$10.50;
- b. On July 1, 2018, the hourly wage shall be \$12.00;
- c. On July 1, 2019, the hourly wage shall be \$13.25;
- d. On July 1, 2020, the hourly wage shall be \$14.25;
- e. On July 1, 2021, the hourly wage shall be \$15.00.

3. Beginning on July 1, 2022, the minimum wage shall increase annually based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles metropolitan area (Los Angeles-Riverside-Orange County, CA), which is published by the Bureau of Labor Statistics. Beginning in 2022, and continuing each year thereafter, on January 1 the CEO shall determine the adjusted rates which shall take effect on July 1 of that year and publish a bulletin announcing the adjusted rates.

B. For purposes of this Section, the number of Employees employed by an Employer shall be determined by the average number of Employees employed during the previous calendar year.

**8.100.050 Retaliatory Action Prohibited.**

No Employer shall discharge, reduce in compensation, or otherwise discriminate against any Employee for opposing any practice proscribed by this Chapter, for participating in proceedings related to this Chapter, for seeking to enforce his or her rights provided under this Chapter by any lawful means, or for otherwise asserting rights under this Chapter.

**8.100.060 No Waiver of Rights.**

Any purported waiver by an Employee of any or all of the provisions of this Chapter shall be deemed contrary to public policy and shall be void and unenforceable.

**8.100.070 Conflict With Other Laws; Severability; Savings Clause.**

A. Nothing in this Chapter shall be interpreted or applied so as to create any power or duty in conflict with any State or federal law.

B. If any Section, subsection, sentence, clause or phrase of this Chapter is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The County Board of Supervisors hereby declares that it would have adopted this Ordinance and each and every Section, subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

C. This Chapter provides for payment of a local minimum wage and shall not be construed to preempt or otherwise limit or affect the applicability of any other law, regulation, requirement, policy, or standard that provides for payment of higher or supplemental wages or benefits, or that extends other protections.

**8.100.080 Implementation.**

The Chief Executive Officer, or his or her designee, shall be responsible for administration of this Chapter which may include public education and outreach, promulgating guidelines and rules consistent with the provisions of this Chapter, and enforcing this Chapter consistent with Chapter 1.25 of the County Code. Guidelines and rules promulgated by the Chief Executive Officer, or his or her designee, pursuant to the authority provided under this Chapter shall have the force and effect of law and may be relied upon by employers, employees, and other parties to determine their rights and responsibilities under this Chapter.

**8.100.090 Coexistence With Other Available Relief.**

The provisions of this Chapter shall not be construed as limiting any Employee's right to obtain relief to which he or she may be entitled at law or in equity.

**8.100.100 Exemptions.**

The following persons and entities are exempt from the Los Angeles County Minimum Wage Ordinance:

A. Any person not subject to, or exempt from, the State minimum wage, as provided under section 1197 of the California Labor Code and wage orders published by the California Industrial Welfare Commission.

B. Public entities, including State, federal, County, and city entities, including school districts.

C. Employees, when performing work in the unincorporated areas of the County pursuant to or required by an existing County contract between the Employee's Employer and the County. For purposes of this Section, "existing County contract" means a written, valid, binding, and enforceable agreement, between the County and an Employer, that is in effect as of June 30, 2016. This exemption shall not apply to an Employee when performing work pursuant to or required by: (1) an existing County contract if the Board approves an amendment to the existing County contract on or after July 1, 2016; or (2) any contract, between an Employer and the County, approved by the Board on or after July 1, 2016.

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